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DATE 3-3-2011
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March 2, 2011

TO: Members of the House Appropriations Committee

FROM: Claudia Clifford, Advocacy Director AARP Montana

RE: Funding of Big Sky Rx, HB 2 section B.

Chairman McNutt and members of the committee, on behalf of AARP Montana, an organization with over 155,000 members in Montana, I encourage this committee to fully fund Big Sky Rx, a prescription drug assistance program that currently helps nearly 11,000 seniors and people with disabilities afford medications.

Initially, the Governor's budget proposal fully funded Big Sky Rx, however, at this juncture there is zero funding for Big Sky Rx, as it was eliminated in the 5% reduction plan cuts adopted early in the session. There is strong support for Big Sky Rx by Republicans, Democrats, and the public. Even the Billings Gazette recently printed their editorial encouraging you to fund Big Sky Rx. The Joint Sub-Committee on the Health and Human Services Budget could not settle on a funding level, debating a number of motions to fully fund the program with current eligibility of 200% FPL, or fund the program at an eligibility level of 135% FPL, or levels in between. In essence, the issue before you seems to be the appropriate level of funding and eligibility for this program.

As you deliberate this matter keep in mind the following points:

- Medicare beneficiaries with incomes at or below 200% of FPL need assistance obtaining necessary prescription drugs. Average out of pocket costs for Medicare beneficiaries in 2011 are projected to be \$5,114 per person¹. For a couple at 200% FPL, average medical costs consume over 1/3 of their total income. For a couple at 150% FPL, average medical costs exceed 45% of their total income. Without Big Sky Rx, a couple on Medicare will have to pay \$902 per year for the Part D premium. Some will simply be unable to pay the premiums and, as a result, they will lose access to necessary medications.
- Big Sky Rx is designed to save money in the state's Medicaid budget and the health care system. When Medicare Part D drug coverage started states, including Montana, experienced a saving in their Medicaid program. A goal of Big Sky Rx is to make sure low-income seniors can afford medication and not end up with more costly health conditions. The prevents these people from spending down to Medicaid and costing the health care system more money treating more serious conditions. Big Sky Rx keeps 11,000 low income seniors on Part D and not a cost to Medicaid.
- Establishing eligibility at 135% FPL would cover less than 1/3 of current enrollees, leaving 7,383 people without drug coverage. Limiting eligibility would be a hardship for these people, most who live on a fixed income. They would need to determine their next steps in paying for prescription drugs.
- Funding for Big Sky Rx is there. In 2004, voters approved an increase in the tobacco tax specifically for senior prescription drug assistance. There are plenty of tobacco tax revenues to fund Big Sky Rx. Even your general fund revenues are now projected to be higher. So, there's no reason to cut Big Sky Rx.

¹ Medicare Out-Of-Pocket Costs, Eliot Fishman, Dennis Shea and Suzanne Tamang, Commonwealth Fund, 2008, page 14;
http://www.commonwealthfund.org/~media/Files/Publications/Fund%20Report/2008/Mar/Medicare%20Out%20of%20Pocket%20Costs%20%20Can%20Private%20Savings%20Incentives%20Solve%20the%20Problem/Fishman_Medicareout%20of%20pocketcosts_1113%20pdf.pdf

I appreciate the committee's attention to the funding of this program. As you make your decision, keep in mind the 11,000 seniors and people with disabilities who depend on Big Sky Rx to enrich their health. Please contact me if you have questions about Big Sky Rx. I can be reached at 406-439-8046. Again, AARP Montana encourages this legislature to fully fund Big Sky Rx.

FY 2010 Big Sky Rx Enrollment and Average Premium Assistance by Poverty						
Federal Poverty Level	Number Enrolled by FPL	Percent of total	Cumulative Total	Total Premium Assistance	Per Person Average	Cumulative Annual Cost Based on FY2010
100	1,032	9.6%	9.6%	\$380,700	\$30.74	\$380,700
120	944	8.8%	18.4%	\$345,372	\$30.49	726,072
130	861	8.0%	26.5%	267,612	\$25.90	993,684
135	498	4.6%	31.1%	157,776	\$26.40	1,151,460
140	553	5.2%	36.3%	163,500	\$24.64	1,314,960
150	1,101	10.3%	46.5%	368,160	\$27.87	1,683,120
160	1,471	13.7%	60.3%	545,652	\$30.91	2,228,772
170	1,406	13.1%	73.4%	533,088	\$31.60	2,761,860
180	1,128	10.5%	83.9%	433,500	\$32.03	3,195,360
190	977	9.1%	93.0%	367,452	\$31.34	3,562,812
200	747	7.0%	100%	285,960	\$31.90	3,848,772
Total	10,718			\$3,848,772		

2010 Federal Poverty Level Gross Yearly Income				
Family Size	100%	135%	175%	200%
1	\$10,830	\$14,620	\$18,953	\$21,660
2	\$14,570	\$19,670	\$25,498	\$29,140

Gazette opinion: Lawmakers should follow voters' health directives

Posted: Monday, February 21, 2011 12:10 am

Sixty-five percent of Montana voters passed a law to establish an ongoing, comprehensive tobacco-use-prevention program in our state. Two years later, **the overwhelming majority of Montana voters told state government to increase state tobacco taxes and use proceeds to create a program to help Montana seniors participate in the Medicare Part D prescription drug program.**

In the eight years since Initiative 146 took effect, tobacco-use-prevention efforts have worked as proponents told voters they would.

This year, Big Sky Rx, created at voters' direction through Initiative 149, is paying Part D monthly premiums for 11,000 Montana seniors of modest incomes (below \$29,140 for couples), according to AARP Montana. These folks don't qualify for federal premium assistance.

The rate of Montana youth smoking cigarettes has dropped 46 percent while adult smoking rates have gone down 23 percent, according to the Montana chapters of the American Cancer Society, Campaign for Tobacco Free Kids, American Heart Association and American Lung Association.

When voters approved this effective preventive program, they also directed that it should be funded with 32 percent of the state's annual payment from the multistate tobacco lawsuit settlement. The crux of that litigation was the enormous cost (in Medicaid) that tobacco-related illnesses put on state governments. So it makes sense to use the settlement to prevent future costs of treating low-birth-weight babies, lung cancer, emphysema and other smoke-induced sickness by persuading Montanans not to smoke and helping smokers quit.

Affordable medicine for Montana seniors, fewer Montana young people using tobacco. These are great public-health success stories. But they are in danger of being rewritten as Montana legislators cut funding. Despite the voters' directives, the Joint Appropriations Subcommittee on Health and Human Services has voted to eliminate Big Sky Rx and strip 90 percent of the tobacco prevention funds. Cutting tobacco prevention alone would "save" \$15 million over the next year but do nothing to reduce the toll of tobacco in Montana. Every year, 1,400 Montanans die of tobacco-related illnesses. Without Big Sky Rx, thousands of Montanans would forgo access to affordable prescription medicine.

An appropriations subcommittee last week tentatively shifted some of that money to the Healthy Montana Kids program. Voters in 2008 created Healthy Montana Kids and created a special revenue fund to support it by putting a portion of insurance carrier fees in the children's fund. However, the 2009 Legislature reduced the funding for this new children's program and diverted that money to the general fund. This session, prevention of tobacco use has been slashed and its money transferred.

Nothing is settled on the budget yet. The remaining months of the biennial session may bring many changes in appropriations decisions. As legislators mull these tough decisions, we call on them to remember and uphold the will of the people. Montanans voted specifically for comprehensive tobacco prevention and Healthy Montana Kids. Legislators should not thwart the will of the people. These voter initiatives are working as intended and should be continued for the benefit of Montanans.

Save Big Sky Rx

- The legislative session is half over and still there is zero funding for Big Sky Rx. The cost of prescription drugs is still a top concern for seniors. Nearly 11,000 senior depend on Big Sky Rx so they can afford their medications.
- Funding for Big Sky Rx is there. Voters approved an increase in the tobacco tax specifically for senior prescription drug assistance. There are plenty of tobacco tax revenues to fund Big Sky Rx. Even your general fund revenues are now projected to be higher. There's no excuse to cut or eliminate Big Sky Rx.
- Some legislators feel that the program should be cut by lowering the income eligibility. This program serves the same people as the Low Income Energy Assistance Program (LIEAP). It has a lower eligibility compared to Healthy Montana Kids. Why should anyone be taken off this program? It helps people afford prescription drugs that prevent more costly health problems.

Questions contact:

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Support Big Sky Rx

Prescription Drug Assistance for Seniors

Big Sky Rx has established itself as a popular program and a valuable component of senior services that helps reduce health care costs and increase quality of life for low income elders. Please consider the following points:

- Big Sky Rx helps some of our neediest seniors pay for prescription drugs. Big Sky Rx currently helps nearly 11,000 seniors pay for Medicare Part D Rx coverage. These Montanans have incomes between zero and 200% FPL (that's \$29,140/year for a couple). In fact 47% of recipients are below 150% FPL. These are people living on the margin who will probably not buy prescription drug coverage if not for Big Sky Rx.
- National health care reform will do little for these seniors regarding the cost of prescription drugs. Although the doughnut hole will close by 2020, if these seniors are not on a Part D plan due to cost, closing the donut hole is irrelevant. Big Sky Rx helps low income seniors pay for a Part D plan.
- Big Sky Rx saves money because people who don't have drug coverage cost the health care system much more. Patients who cut pills or don't fill subscriptions have higher rates of hospitalization and may account for wasting around 13% of total health care expenditures, according to the New England Healthcare Institute. Seniors on Big Sky Rx have less concern about paying for drugs so taking meds as prescribed is more likely.
- Our members still say paying for drugs is a top concern for them. In 2004 when seniors voted to approve an increase in the tobacco tax it was because they wanted a program to help them pay for prescription drugs as was specified in the initiative. **Last year, the cost of brand name drugs went up 8.3% when general inflation went down .03%.** No one saw an increase in their Social Security check. It's no wonder that seniors continue to be worried about paying for pharmaceuticals.
- Medicare beneficiaries with incomes at or below 200% of FPL need assistance obtaining necessary prescription drugs. **Average out of pocket costs for Medicare beneficiaries in 2011 are projected to be \$5,114 per person¹. For a couple at 200% FPL, average medical costs consume over 1/3 of their total income. For a couple at 151% FPL, average medical costs exceed 45% of their total income.** Without Big Sky Rx, a couple on Medicare will have to pay \$902 per year for the Part D premium. Some will simply be unable to pay the premiums and, as a result, they will lose access to necessary medications.
- Big Sky Rx is a savings for Medicaid. Today's low-income Medicare population will be tomorrow's Medicaid population without Big Sky Rx. Someone without drug coverage will either pay full retail or likely go without medicine increasing their chance of expensive care. This will increase the number of individuals who spend down to Medicaid income levels. Cost reductions achieved by cutting the number of individuals who now receive Big Sky Rx will likely be exceeded by increased Medicaid costs in short order. As reported by legislative staff, the Montana Medicaid program experienced savings when seniors went on Medicare Part D coverage. Big Sky Rx keeps 11,000 low income seniors on Part D and not a cost to Medicaid.

¹ Medicare Out-Of-Pocket Costs, Eliot Fishman, Dennis Shea and Suzanne Tamang, Commonwealth Fund, 2008, page 14; http://www.commonwealthfund.org/~media/Files/Publications/Fund%20Report/2008/Mar/Medicare%20Out%20of%20Pocket%20Costs%20Can%20Private%20Savings%20Incentives%20Solve%20the%20Problem/Fishman_Medicareout%20of%20pocketcosts_1113%20pdf.pdf